



DEPARTMENT OF THE ARMY  
HEADQUARTERS UNITED STATES ARMY FORCES COMMAND  
1777 HARDEE AVENUE SW  
FORT MCPHERSON GEORGIA 30330-1062

REPLY TO  
ATTENTION OF

AFLG-PRO (715)

5 Aug 97

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Contracting Information Letter (CIL) 97-39, Contract Performance Evaluation Reports (CPERs)

1. The written evaluations of contractor performance, called contractor performance evaluation reports (CPERs), are required on almost all government contracts. These evaluations may be subsequently used as "past performance information" in contract source selections and responsibility determinations, and in some cases, may make the difference between a contractor winning or losing a contract award. They are valuable tools for enabling the government to identify poor contract performers, as well as those with satisfactory performance. Consequently, these reports are taken very seriously by government contractors.

2. The approach of the fiscal year end means that you will be preparing interim or final CPERs on most of your long-term contracts. The purpose of this CIL is to provide some general guidelines for preparing and processing these reports, so that they will serve their intended purpose and will withstand the scrutiny and/or challenge of the contractor being evaluated.

a. Applicability. The current threshold for the mandatory preparation of CPERs is \$1 million. However, it is FORSCOM policy that CPERs will be completed on all contracts and purchase orders over \$100,000 (see CIL 97-19 dated 18 Feb 97). This includes all types of contracts resulting from solicitations; orders placed against other DOD contracts, BPAs or BOAs; and contracts with 8(a) firms and non-profit organizations.

It does not include grants, cooperative agreements, and contracts with mandatory sources, such as the Federal Prison Industries (FPI), the National Industries for the Blind (NIB) and the National Industries for the Severely Handicapped (NISH). Also excepted are construction and architect/engineer contracts, which are evaluated IAW FAR 36.201 and 36.604, respectively.

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b. Rating categories and criteria. Performance evaluations should address the factors stipulated by FAR 42.1501 and AFARS 42.1502(a)(iii)(9). Generally, these factors are covered by the Office of Federal Procurement Policy (OFPP) recommended form that most of you are using, either in its original format or a version tailored to the contract (see CIL 96-8 for the OFPP form as well as an adapted version). Factors which do not apply to the particular contract need not be addressed in the CPER.

The evaluation categories and criteria should be reviewed and understood by all contracting personnel who will be involved in contract administration and quality assurance, prior to start of the contract. Further, the quality assurance surveillance plan (QASP) should specifically identify the aspects of contract performance that will be evaluated in the CPER, the nature and extent of the surveillance, the documentation requirements, and the responsibilities of parties for preparing the CPER. When a contracting officer's representative (COR) has been appointed, his/her duties with respect to input on the CPER should be stipulated in his appointment letter. This is to ensure that the findings in the CPER will be adequately covered and supported.

c. Evaluations. The CPER should reflect the contractor's performance as accurately as possible, and be supported by factual data. The information included in the supporting narrative should be relevant to the actual contract performance requirements and the contractor's performance against these requirements.

The importance of accurate and timely documentation of contract activities relating to the quality of contractor performance cannot be overemphasized. This documentation should be a consistent reflection of the status of contract performance.

The evaluation should also be fair. It is recognized that, in spite of all efforts to make objective, factual assessments, the CPER is essentially a subjective document. However, care should be taken to ensure that personal emotions or bias do not unduly influence the evaluation, positively or negatively. The

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contractor should not be rated on the basis of unspecified expectations, comparisons with previous contractors, or personal opinions or antagonisms unrelated to the contract objectives or outcome. The contracting officer, or the person responsible for the overall CPER, should be on the alert for situations that may compromise a fair evaluation, and take appropriate steps to ensure the validity and integrity of the evaluation process.

d. The following are key aspects of contractor performance which may be considered when preparing CPERs:

(1) Quality of Product or Service. Quality should be evaluated on all contracts. The evaluation should address how well the contractor has complied with the specific contract performance requirements, and the extent to which the contractor has met the overall product or service performance in terms of the statement of work, specifications, and any special contract clauses which pertain to technical performance requirements. The evaluation of quality is essentially objective in nature, and can be demonstrated and verified by tangible methods or documents.

(2) Schedule/Delivery. Compliance with schedule or delivery requirements should be evaluated on every contract. It includes all actions which must be taken by the contractor during contract performance which have contractually specified dates for delivery or performance. It also includes compliance with contract administrative requirements, such as definitizing change orders and letter contracts, and submitting information necessary to definitize overhead rates.

When evaluating schedule performance on delivery order or task order contracts, if multiple delivery or task orders are evaluated on the same contractor performance report, identify whether the individual task/delivery order requirements are being completed on time, ahead of schedule or behind schedule.

The supporting narrative should also address instances where the contractor's failure to comply with the delivery requirements in a timely manner adversely affected the contract's

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cost and schedule performance, or adversely affected the government in some other way.

(3) Cost Control. Evaluation of cost control will usually apply to cost-reimbursement and fixed-price incentive contracts only. When evaluating cost control, you should compare the actual costs to the estimated contract cost or price. Also, you should evaluate the extent to which the contractor demonstrated a sense of responsibility for managing and utilizing resources. Where the estimated contract cost or price increased or decreased significantly during the performance period, the reasons for these changes should be noted and considered. The evaluation of cost control is objective in nature, and can be demonstrated and verified by tangible methods/documents.

(4) Business Relations. This category should be evaluated whenever the contractor's performance in this area influences overall contract performance. Evaluation of business relations is more subjective in nature, and must be handled carefully to ensure it is constructive and equitable. Factors to consider include: the ability of the contractor to respond promptly to unexpected events which impact the contract; the completeness and effectiveness of problem identification; and the corrective actions taken to remedy defects, inefficiencies, etc. In addition, the contractor's ability to interact cooperatively with government personnel should be considered, especially when interaction is essential for the overall success of the contract. Subcontractor management; the timely application of corporate resources to preclude subcontract problems from impacting overall contract performance; and the contractor's performance respecting any subcontract plan are evaluated under this category.

(5) Customer Satisfaction. This is another subjective category which should be evaluated cautiously. The customers or end users usually rate their satisfaction with the contractor's performance based on their expectations; many times they do not know the contract requirements and do not apply them when rating their satisfaction with the contractor. If customer satisfaction is important, and is to be rated on the CPER, customer input or

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comments should be planned for, prior to contract commencement (see paragraph 2.b. above).

A good way to measure contractor performance at the end-user level is the customer satisfaction survey, using written survey forms or telephone calls. If it is not possible to survey all users, information may be collected from a representative sample, using recognized and appropriate sampling techniques. As part of the assessment of customer comments, the contracting officer should review the contract requirements and determine if the contractor actually met or exceeded contract requirements even though customers were dissatisfied. In cases where both the contractor and the government are conducting independent customer satisfaction surveys, the contracting officer should review the results of both assessments whenever feasible. If the survey results for the same rating period are contradictory, the contracting officer must validate or reconcile the results prior to using either of the results as the basis of a CPER rating.

(6) Overall rating. Usually the CPER will include a comprehensive assessment of the contractor's performance. It should contain a discussion of any surrounding circumstances which influenced contract events and outcomes, including any problems the contractor experienced, any corrective action taken, and whether the government caused or contributed to the problem. Where mitigating circumstances apply, they should also be discussed.

e. Preparation. The contracting officer has overall responsibility for CPER preparation, although the actual work and input may come from other sources, e.g., the COR, technical monitors, or end-users. The manner, time, and method of this input should be determined up-front, prior to start of the contract. The contracting officer is also responsible for confirming the accuracy of the CPER findings and the supporting information, prior to releasing the CPER for the contractor's review and comment. Evidence of contractor receipt of the CPER should be obtained. If the CPER cannot be personally delivered, then certified mail or other methods of ensuring and documenting receipt may be used.

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It is important to prepare the CPER as soon as possible after the end of the rating period and to release it promptly to the contractor, e.g., within 30 days of the close of the rating period. Generally, the preparation, coordination with the contractor, and resolution of contractor comments should be accomplished no later than 120 days from the close of the rating period.

f. Contractor review and response. Every CPER must be released to the contractor for review and comment. In the transmittal, the contractor should be advised that s/he has 30 days to respond to the evaluation, and requested to acknowledge receipt of the CPER. If the contractor requests a meeting to discuss the evaluation, it should be held within the 30-day response period. However, the response period may be extended by mutual agreement of the parties.

Any response from the contractor should be kept in its original form and filed with the CPER. If no response to the CPER is received from the contractor within the response period, the CPER should be annotated with date the contractor received the report and a statement that a response was not received, and a copy sent to the contractor. The CPER can then be filed, and used in future procurements.

g. Resolution of Disagreements. Any disagreement between the contractor and the contracting officer regarding the content of the CPER must be forwarded to at least one level above the contracting officer for resolution. In FORSCOM, the resolution authority is the Director of Contracting (DOC).

As part of his/her submission to the resolution authority, the contracting officer should provide an explanation of his/her position, including the points of disagreement and supporting rationale. After the resolution authority completes his/her review and finding(s), the CPER is changed, if necessary, to reflect the decision(s) of the resolution authority. A copy of the revised CPER should be furnished to the contractor. The CPER can then be filed and used in future procurements.

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In special cases, at the request of the DOC, the FORSCOM Principal Assistant Responsible for Contracting (PARC) may act as the resolution authority. Requests for PARC resolution must include the DOC's recommendation and local legal counsel endorsement.

h. Confidentiality. It is important to maintain the confidentiality of the CPER. All CPERs, including all contractor and agency resolution comments, must be marked, "Source Selection Information." Information on one contractor must not be released to another contractor under any circumstance.

3. Questions concerning this CIL should be addressed to Ms. Joan Sylvester, DSN 367-6237, sylvestj@ftmcpshn-emh1.army.mil.



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